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DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
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TO THE HOUSE COMMITTEE ON  
CONSUMER PROTECTION & COMMERCE

TWENTY-FOURTH STATE LEGISLATURE  
REGULAR SESSION, 2008

Wednesday, January 30, 2008  
2:00 p.m.

**TESTIMONY ON HOUSE BILL NO. 3170 – RELATING TO SOCIAL SECURITY  
NUMBER.**

TO THE HONORABLE ROBERT N. HERKES, CHAIR, AND MEMBERS OF THE  
COMMITTEE:

The Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to testify in support of House Bill No. 3170, Relating to Social Security Number. My name is Stephen Levins, and I am the Executive Director of the Department's Office of Consumer Protection.

House Bill No. 3170 seeks to decrease the unnecessary disclosure of social security numbers by amending section 501-151 of the Hawaii Revised Statutes so that only the last four digits of an individual's social security number would be listed on

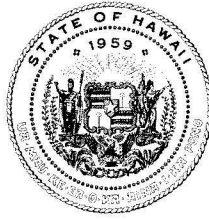
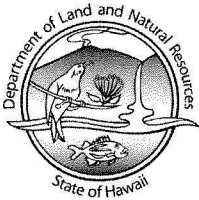
judgments, orders, or decrees recorded in the Bureau of Conveyances of Land Court.

Current law mandates that the entire number be listed.

Identity theft is a serious crime, with lasting negative repercussions on the finances and life of the person whose identity is stolen. One of the tools most frequently used to steal a person's identity is the person's social security number, the key to a consumer's financial identity. Its current widespread use as an identifier has made it relatively easy for thieves to assume false identities and gain access to financial accounts and other sensitive information of innocent victims. Minimizing its use and display is important. Since repealing the unnecessary listing of social security numbers from the records of the Bureau of Conveyances and Land Court would promote the privacy interests of individuals and eliminate a potential source of information for identity thieves, the Department is in strong support of this measure.

Thank you for this opportunity to testify on House Bill No. 3170. I will be happy to answer any questions that the Committee members may have.

LINDA LINGLE  
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STATE PARKS

**TESTIMONY OF THE CHAIRPERSON  
OF THE BOARD OF LAND AND NATURAL RESOURCES**

**On House Bill 3170 – Relating To Social Security Number**

**BEFORE THE HOUSE COMMITTEE ON  
CONSUMER PROTECTION AND COMMERCE**

**January 30, 2008**

The Department of Land and Natural Resources strongly supports House Bill 3170, an Administration bill which proposes to require only the last four digits of an individual's social security number on judgments, court orders or decrees submitted to the Bureau of Conveyances for recording.

Current statutes require that each judgment, order, or decree of a state court or United States District Court must contain or have endorsed on it, the social security number, the Hawaii Tax Identification Number, or the Federal Employer Identification Number for persons, corporations, partnerships, or other entities against whom the judgment, order or decree is rendered, before such instrument may be recorded in the Bureau of Conveyances. The intent of this disclosure is to identify the debtor in instances where there are similar names involved.

This bill would prevent full access to an individual's social security number contained on a judgment, order or decree by requiring that only the last four digits of the social security number be used and lessens the likelihood of identity theft for requiring an individual's social security number on a judgment, order, or decree.

The Department of Land and Natural Resources strongly supports House Bill 3170.

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January 29, 2008

TO: Representative Robert N. Herkes  
Chair, Committee on Consumer Protection & Commerce  
Hawaii State Capitol, Room 320  
Via Email: [CPCtestimony@Capitol.hawaii.gov](mailto:CPCtestimony@Capitol.hawaii.gov)

FROM: Joanna Markle

RE: H.B. 3170 - Relating to Social Security Number  
Hearing Date: Wednesday, January 30, 2008 @ 2:00 p.m., Room  
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Dear Chair Herkes and Members of the Committee on Consumer Protection & Commerce:

I am Joanna Markle testifying on behalf of the Consumer Data Industry Association. Founded in 1906, the Consumer Data Industry Association (CDIA) is the international trade association that represents more than 400 consumer data companies. CDIA members represent the nation's leading institutions in credit reporting, mortgage reporting, check verification, fraud prevention, risk management, employment reporting, tenant screening and collection services.

House Bill 3170, as introduced, would require all judgments and liens that are filed with the Bureau of Conveyance or Land Court to include only the last four digits of the Social Security number. CDIA believes that this proposal would have some significant unintended consequences for Hawaii.

By way of explanation, consumer reporting agencies match specific public records - liens and judgments - to the credit report regarding an individual because these records bear on an individual's credit worthiness. Before a lender extends a loan of tens of thousands or hundreds of thousands of dollars to someone, outstanding liens or judgments against that person indicate that the person's ability repay the loan may be significantly impaired.

If liens and judgments do not come to light during the loan approval process, lenders will find themselves with more loans that go into default. The costs from the additional

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defaults must be shared among the lender's other loans, which then means that the other Hawaii borrowers have to pay more for their loans to cover the higher costs of the people with undiscovered liens and judgments.

Furthermore, if the liens and judgments cannot be matched to an individual, the ability to enforce the lien or judgment is diminished. Therefore, the purpose of filing a lien or judgment is undermined by the removal of important identifying information.

Consumer reporting agencies use several key pieces of identifying information to match a public record to a credit file, but the only piece of identifying information that is unique to the individual is the Social Security number. Every other element - name, address, date of birth - changes and/or is not unique. The Social Security number is critical to identifying a person, though not the only element that is used.

Consumer reporting agencies take great effort to ensure that the information they provide is accurate, current and complete. In fact, the Fair Credit Reporting Act requires a consumer reporting agency to have reasonable procedures "to assure maximum possible accuracy of the information concerning the individual about whom the report relates" (15 USC Section 1681(e)(a)). The full Social Security number is critical to accurately match the public record to the correct credit file. While truncating a Social Security number so that only the last four are available may sound like a compromise, surprisingly very few additional records can be matched to the exacting standards of the agencies using only truncated numbers. The benefit of truncation is marginal.

In addition, the justification in HB 3170 is based on a misunderstanding. Fraudsters practically never use public records in order to perpetrate identity fraud because there is not enough information even in a record that contains a full Social Security number. In fact, a public record with a full Social Security number can help prevent true identity theft because it provides an authentic record against which a fraudulent application could be challenged. While it may seem counter-intuitive, the response to fraud relies on more information, not less.

For these reasons, CDIA would respectfully recommend that consumer reporting agencies continue to have access to the liens and judgments with a full Social Security number. We would be glad to work with the members of the committee to find a mutually acceptable resolution.

Thank you very much for this opportunity to submit testimony.